Iowa Trust & Savings Bank

September 21, 2005

Honorable Donald E. Powell - Chairman
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Mr. John F. Carter - Regional Director
Federal Deposit Insurance Corporation
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105

Re: Comments Regarding FDIC Application #20051977: Wal-Mart Application for Insurance and Industrial Bank Charter

Dear Chairman Powell and Director Carter:

Iowa Trust & Savings Bank expresses its opposition to Wal-Mart Stores, Inc. application for a Utah Industrial Bank or Industrial Loan Company Charter (ILC) and FDIC coverage.

While Wal-Mart states that the ILC would only be used to process debit and credit transactions at its 3,700 plus stores, this Banks' position is that the ILC could introduce a future amendment to provide other banking services such as, retail banking services, loans, and Wal-Mart bank branches. The potential of a retail giant like Wal-Mart entering the banking business violates the restriction of mixing commerce and banking. We oppose a commercial firms' ability to start or purchase an Industrial Loan Company.

Wal-Mart has a history of attempting to enter the banking industry. This is in despite of existing regulatory restrictions preventing the mixing of banking and commerce. Congress took action as a result of Wal-Mart's efforts to purchase a small thrift institution in Broken Arrow, Oklahoma in 1998. The Gramm-Leach-Bliley Act of 1999 closed the unitary thrift holding company loophole and prohibits commercial firms from owning or acquiring savings associations as likewise they are prohibited from owning banks. In 2002, Wal-Mart again attempted to enter the banking industry by seeking to purchase a small California Industrial Bank. The California legislature stopped the purchase by passing a law disallowing commercial firms from owning ILCs.

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Community Banks are important factors that make up the fabric of small town centers. Locally owned retailers in small towns and communities across America are many times negatively impacted when Wal-Mart stores enter their market area. With its history of de-stabilizing local retailers, Wal-Mart banking institutions could drive out community banks the same way that it has driven out community grocery stores, pharmacies, and hardware stores.

As an advocate for the American consumer, I believe a Wal-Mart Bank would adversely affect customers. The local bank-customer relationship would be non-existent. Consumer choices would be limited. More importantly, bank deposits would be directed out of the community, negatively affecting local lending policies and community support projects.

It appears prudent for the FDIC to hold regional public hearings to examine this issue. It is critical that other viewpoints be heard including those from banking trade associations and the general public.

In conclusion, Iowa Trust & Savings Bank opposes Wal-Mart's application for an ILC and FDIC coverage. We urge the FDIC to deny the application.

Sincerely,

Rick Brennan
Executive Vice President – Business Development